
By: **Delegate Moe**

Introduced and read first time: January 29, 2004

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Banking Institutions - Savings Banks**

3 FOR the purpose of authorizing a savings bank to have any banking institution in
4 this State, any other bank in this State, or any State or federal savings and loan
5 association in this State merge into the savings bank if the Commissioner, after
6 receiving the advice of the Banking Board, gives written consent to the
7 transaction; requiring a plan of reorganization of a savings bank to provide that
8 as a result of the reorganization, the mutual holding company shall hold more
9 than a certain percentage of the stock of the subsidiary savings bank;
10 prohibiting the Commissioner of Financial Regulation in the Department of
11 Labor, Licensing, and Regulation from approving an application for
12 reorganization unless the Commissioner determines that if the reorganization is
13 pursuant to an acquisition by the mutual holding company of all the stock of a
14 savings and loan association, then certain conditions are met; requiring that a
15 mutual holding company hold more than a certain percentage of the stock of a
16 subsidiary savings bank or savings and loan association; requiring the articles
17 of incorporation of a subsidiary savings bank to include a statement that more
18 than a certain percentage of the shares of capital stock issued be held by the
19 mutual holding company; altering a certain definition; and generally relating to
20 savings banks.

21 BY repealing and reenacting, with amendments,
22 Article - Financial Institutions
23 Section 4-101(d), 4-701(b), 4-802(c), 4-803(e), 4-804(c), and 4-902(b)
24 Annotated Code of Maryland
25 (2003 Replacement Volume)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
27 MARYLAND, That the Laws of Maryland read as follows:

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Article - Financial Institutions

2 4-101.

3 (d) "Mutual holding company" means the corporation which holds [all the
4 shares] MORE THAN 50% OF THE STOCK of a subsidiary savings bank pursuant to a
5 reorganization under Subtitle 8 of this title.

6 4-701.

7 (b) (1) A savings bank may consolidate with, merge into, or transfer its
8 assets to any banking institution in this State, any other bank in this State, or any
9 State or federal savings and loan association in this State if the Commissioner, after
10 receiving the advice of the Banking Board, gives written consent to the transaction.

11 (2) A SAVINGS BANK MAY HAVE ANY BANKING INSTITUTION IN THIS
12 STATE, ANY OTHER BANK IN THIS STATE, OR ANY STATE OR FEDERAL SAVINGS AND
13 LOAN ASSOCIATION IN THIS STATE MERGE INTO THE SAVINGS BANK IF THE
14 COMMISSIONER, AFTER RECEIVING THE ADVICE OF THE BANKING BOARD, GIVES
15 WRITTEN CONSENT TO THE TRANSACTION.

16 4-802.

17 (c) The plan of reorganization shall provide that:

18 (1) A subsidiary savings bank shall be incorporated pursuant to Subtitle
19 9 of this title;

20 (2) The savings bank shall transfer a substantial part of its assets to the
21 subsidiary savings bank and the subsidiary savings bank shall assume a substantial
22 part of the savings bank's liabilities, including all depository liabilities;

23 (3) As a result of the reorganization of the savings bank into a mutual
24 holding company, the mutual holding company shall hold [all] MORE THAN 50% of the
25 stock of the subsidiary savings bank; and

26 (4) After transfer and assumption, persons with prior corresponding
27 rights as depositors or creditors against a savings bank shall have the same rights
28 with respect to the mutual holding company and the subsidiary savings bank.

29 4-803.

30 (e) Within 3 months after the application for approval of reorganization is
31 filed for examination, the Commissioner shall approve or reject the application. The
32 Commissioner may not approve the application unless the Commissioner determines:

33 (1) That the plan of reorganization is:

34 (i) Reasonably required to protect the welfare of the general
35 economy of this State;

1 (ii) Not detrimental to the public interest or the savings bank; and

2 (iii) In compliance with the regulations and conditions that the
3 Commissioner adopts;

4 (2) That IF the reorganization is pursuant to an acquisition by the
5 mutual holding company of all the stock of a savings and loan association [and that]:

6 (i) Exigent circumstances exist that make the acquisition
7 necessary to maintain the viability or prevent the probable failure of the savings and
8 loan association acquired; and

9 (ii) The mutual holding company agrees to obtain federal insurance
10 for the deposits of the acquired savings and loan within the time limitation imposed
11 by the Commissioner;

12 (3) That immediately before the reorganization, the depositors of the
13 savings bank are entitled to deposits in the subsidiary savings bank of like amounts,
14 interest rates, and other terms, without interruption of interest;

15 (4) That all deposits continue to be insured by the Federal Deposit
16 Insurance Corporation up to the maximum amount provided by law; and

17 (5) That the applicant has met all the requirements of this subtitle and
18 Subtitle 9 of this title.

19 4-804.

20 (c) A mutual holding company shall hold [all] MORE THAN 50% OF the stock of
21 a subsidiary savings bank or savings and loan association acquired pursuant to this
22 subtitle.

23 4-902.

24 (b) The articles of incorporation shall include:

25 (1) The name and address of each incorporator;

26 (2) A statement that each incorporator is 18 years old or older, a resident
27 of this State, and a citizen of the United States;

28 (3) A statement that the incorporators are associated to form a
29 subsidiary savings bank under this subtitle;

30 (4) The name of the subsidiary savings bank, which may not be similar
31 in any material respect to the name of any other bank or trust company in this State,
32 except that the name of the subsidiary savings bank may be similar to the name of a
33 savings bank reorganized pursuant to this title that is affiliated with the subsidiary
34 savings bank;

1 (5) The municipal area and county where the principal banking office of
2 the subsidiary savings bank is to be located;

3 (6) The number of directors and the names and residence addresses of
4 those who will serve as directors until their successors are elected and qualify; and

5 (7) A statement that [all] MORE THAN 50% OF the shares of capital stock
6 issued shall be held by the mutual holding company.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 2004.